

Calderdale MBC

Wards Affected All

Cabinet 8th August 2022

CAPITAL OUTTURN REPORT 2021/22

Report of the Head of Finance

1. Issue

To inform Members of the actual levels of:-

- 1.1. Capital spending incurred and financing resources used in 2021/22.
- 1.2. A comparison with the forecast levels of capital spending and financing as previously reported.

2. Need for a decision

- 2.1. Under the Council's Financial Procedure Rules, a report detailing the final outturn position must be presented to Cabinet each year for formal approval. This report is also presented for information and consideration.

3. Recommendation

It is recommended that:-

- 3.1. The report is noted.
- 3.2. The report is presented to the Strategy and Performance Scrutiny Board.

4. Background and/or details

4.1. Summary:

- 4.1.1. During the financial year 2021/22 the Council incurred capital expenditure of £53.542m, and a further sum of £0.892m within the overall programme that ultimately did not meet the criteria of capital expenditure. The total expenditure of £54.434m was, however, financed by resources previously reported in Capital Monitors to Cabinet and it is included to allow the full cost of the overall programme to be reported and managed.

The expenditure in relation to the £0.892m principally related to feasibility and site investigation required work to progress schemes and the Council's Towns Fund Programme.

- 4.1.2. The 1st and 2nd Capital Monitors reported to Cabinet on 2nd August 2021 and 8th November 2021 detailed the forecast expenditure of £90.668m and £75.792m respectively. The final monitor reported to Cabinet on 14th February 2022 detailed the forecast of £55.454m for the year.
- 4.1.3. As detailed above, the Council's forecast reduced by £35.214m in total between the initial and final monitor. The outturn of £54.434m represented a variation of £1.020m from the 3rd Capital Monitor.
- 4.1.4. As detailed in the Capital Monitoring Programme Monitoring 2022/23 to 2024/25 report elsewhere on this agenda, capital expenditure can vary during a financial year for many reasons. Schemes often require detailed discussion and consultation with the public and stakeholders prior to the commencement of the procurement, design, and construction phases. In addition to this, the Covid 19 pandemic continued to impact on the delivery of schemes and in particular the marketplace.

Capital Expenditure 2021/22

- 4.1.5. Capital expenditure for the year was £54.434m. The appendix attached to the report details the expenditure by directorate/scheme.
- 4.1.6. As commented upon in this report and detailed in the appendix, expenditure for the year was £54.434m and £1.020m lower than the forecast of £55.454m reported in the February 2022 Capital Monitor. This represented a relatively minor variation on the previous forecast.
- 4.1.7. The main variations between the outturn and the forecast reported to Cabinet in February 2022 are detailed below:-

Public Sector Decarbonisation Phase 1 – reduction of £0.938m

The Public Sector Decarbonisation Phase 1 scheme experienced delays in 2021/22 resulting in £2.264M to be spent compared to the £3.202M forecast in the February 2022 Capital Monitor.

Supply chain issues from Heat Pump Manufacturers and issues experienced from the installation of electricity meters. An extension for this Capital Scheme was applied for with the fund manager and this has now been accepted and the scheme will be completed by August 2022.

Adaptations to Homes – increase of £500k

The Council received Government funding in excess of £3m per annum to deliver health and safety and other adaptations in homes for residents. The programme is also supported by a contribution from Together Housing. Before work is completed a number of processes need to be completed. Capital expenditure during the year exceeded the February 2022 forecast by £500k. The additional cost was funded by a combination of Government grant carried forward from the previous year and the grant allocation approved for the financial year 2021/22.

Upgrade of ICT Infrastructure – reduction of £600k

Cabinet agreed to a significant investment in the Council's ICT infrastructure in a previous financial year. Although work to upgrade Windows 7, Cisco Phone and Oracle Upgrades has been completed, the remaining Core Network Update will now be completed in the current financial year.

Funding of Capital Expenditure

- 4.1.8 In terms of the Capital Programme for the financial year 2021/22, £40.093m or 74% of the overall cost of £54.434m was funded by a combination of grants and contributions, £2.747m or 5% by revenue, reserves and pooled resources. The balance of £11.594m or 21% was funded by prudential borrowing. The detail is as follows:-

	£,000
Grants & Contributions	40.093
Revenue, Reserves & Pooled	2.747
Prudential Borrowing	11.594
Total	54.434

- 4.1.9 Of the overall capital expenditure of £40.093m funded by grants and contributions. The main schemes are detailed below:-

- Disabled Facilities Grant
- Green Homes Grant
- Public Sector Decarbonisation
- LTP Integrated Transport Programme
- LTP Highway Maintenance Programme
- West Yorkshire Plus Transport Fund
- Transforming Cities Fund
- Halifax & Elland Future High Street

- Brighthouse Investment Plan
- Basic Need, High Needs/Send, Capital Maintenance & Devolved Formula Funding

4.20 The major schemes financed by prudential borrowing included the following:-

- Climate change Measures
- Ainley Depot Salt Barn
- Replacement of Transport Fleet
- Street Lighting LED Upgrade
- Asset Management & Review of the Corporate Estate
- Workforce Office Accommodation Strategy
- Northgate Development

5.0 Options considered

5.1 None

6.0 Financial implications

6.1 Although capital expenditure was £1.02m lower than anticipated in February 2022, the relevant capital budgets have been carried forward from the financial year 2021/22 to 2022/23 and included in the 1st Capital Monitoring report.

Although Slippage in capital expenditure has the potential to impact on the overall cost attached to schemes, the deferral in capital expenditure has not impacted on the Council's overall Capital Financing position.

6.2 The main challenge for the Council in future years will continue to be to deliver the relevant schemes within agreed timescales and capital budgets. As commented in the report there are many factors that can impact on the delivery of the Capital Programme.

7.0 Legal Implications

7.1 None specifically arising from this report.

8.0 Consultation

8.1 The outturn exercise is carried out with full co-operation and the involvement of all relevant service departments.

9.0 Environment, Health and Economic Implications

9.1 None specifically arising from this report.

10.0 Equality and Diversity

10.1 All issues surrounding equality and diversity are considered as part of the development of schemes within the Capital Programme.

11.0 Summary and Recommendations

- 11.1 The report details the capital expenditure of £54.434m was £1.02m lower than the forecast of £55.454m reported to Cabinet in February 2022, representing a minor variation of 1.8%.

For further information on this report contact:

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APPENDIX**CAPITAL EXPENDITURE 2021/22****£****PUBLIC SERVICES**

Play Area Improvements	140,764
ICT Infrastructure	45,821
Replacement of Transport Fleet	897,065

TOTAL	1,083,649
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ADULT SERVICES

Adaptations to Homes - funded by Govt Grant	3,432,098
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TOTAL	3,432,098
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REGENERATION & STRATEGY**HOUSING**

Beech Hill Phase 2	1,109,780
Green Homes Scheme phase 1 to 3	2,965,915
Climate Change Emergency Fund	125,000
Public Sector Decarbonisation Scheme - Phase 1 & 3	2,264,223
Minor Housing Schemes	90,979
EV Charging Infrastructure	43,932

TOTAL	6,599,828
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STRATEGIC INFRASTRUCTURE

LTP Integrated Transport Programme	1,146,204
LTP Highways Maintenance	6,709,437
Flood Risk Management	569,254
Ainley Depot Salt Barn	1,176,295
West Yorkshire + Transport Fund & Transforming Cities Fund Schemes	16,101,256
Street Lighting LED Project	1,642,829
Modernisation of Ainley Depot	33,560
Various Other Schemes	136,756

TOTAL	27,515,590
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CORPORATE ASSET & FACILITIES MANAGEMENT

Asset Management of Corporate Estate	479,167
Asset Review of Corporate Estate	1,974,076
Workforce Office Accommodation Strategy	711,895

TOTAL	3,165,138
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REGENERATION

Halifax Leisure Facility	993,341
Northgate Development	6,255,192
Halifax Future High Street	439,151
Elland Future High Street	44,212
Brighouse Town Investment Plan	66,871

TOTAL	7,798,768
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OVERALL TOTAL REGENERATION & STRATEGY	45,079,325
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CHILDREN & YOUNG PEOPLE

Department for Education Funded Schemes

Basic Need/High Needs & Send	1,003,976
Capital Maintenance	827,340

Other

Devolved Formula Funding for Schools	717,609
Funded by Schools Revenue Contributions	635,288
Funded by Other Sources	762,697

TOTAL	3,946,910
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TOTAL CAPITAL EXPENDITURE	53,541,982
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REVENUE EXPENDITURE

Feasibility & Site Investigation	234,260
Towns Fund Programme	647,070
Other	10,333

TOTAL REVENUE EXPENDITURE

891,663

OVERALL TOTAL

54,433,645